



Credit Union National Association

601 Pennsylvania Ave., NW | South Building, Suite 600 | Washington, DC 20004-2601 | **PHONE:** 202-638-5777 | **FAX:** 202-638-7734

[cuna.org](http://cuna.org)

March 18, 2013

Monica Jackson,  
Office of the Executive Secretary  
Bureau of Consumer Financial Protection  
1700 G St., N.W.  
Washington, D.C. 20552

Re: Request for Information Regarding Financial Products Marketed to Students  
Enrolled In Institutions of Higher Education

Dear Ms. Jackson:

The Credit Union National Association (“CUNA”) appreciates the opportunity to comment on the Consumer Financial Protection Bureau’s (“CFPB” or “Bureau”) request for information regarding financial products marketed to students enrolled in institutions of higher education. By way of background, CUNA is the nation’s largest credit union trade organization, representing approximately 90 percent of our nation’s 7,000 state and federal credit unions, which serve over 96 million members.

Credit unions are natural partners for higher education institutions seeking to provide the most cost effective, student focused financial services to their students. Credit unions’ unique structure as not-for-profit financial cooperatives means that while meeting capital requirements through the accumulation of retained earnings, credit unions nonetheless are often able to provide lower fees, lower loan rates, and higher rates on share and deposit accounts.

Credit unions generally are governed by volunteer boards comprised of credit union members. This ensures that members establish the direction of the credit union to benefit the greatest number of members. Most students can immediately become involved in the governance process of their credit unions after becoming a member. Some campus credit unions are even run exclusively by the students from the school that sponsors the credit union. This cooperative structure focuses on service to members and the communities in which they reside.

We realize that many financial institutions enter into pay-to-play relationships with post-secondary educational institutions. By this we mean that colleges and universities routinely charge fees to financial institutions for marketing to their students. This relationship is obvious when a financial institution purchases advertising space at a stadium but not so clear when a financial institution is



OFFICES: | WASHINGTON, D.C. | MADISON, WISCONSIN

endorsed by a college or university and given exclusive access to market its services to the students. Financial institution partners may be chosen more for the financial benefits provided to the school rather than their willingness to provide low cost financial services to students. Fees paid by financial institutions to colleges and universities may be used to subsidize services and products such as financial aid disbursement accounts and student ID cards that act as debit cards; however, this arrangement comes at a cost to students that is often hidden and opaque.

## CFPB Questions

In its request for comments, the CFPB raised a number of questions. Below are responses to the agency's questions that most directly affect financial institutions.

- *What types of campus affinity products are being offered to students (e.g., financial aid disbursement accounts, student banking, prepaid cards and credit cards)?*

A. A number of credit unions offer a full suite of services to students in their fields of membership. While not every credit union offers the same services, credit unions may offer debit cards that also serve as school ID cards and financial aid disbursement accounts. These are the two products most directed at or only available to students.
- *What are the features of these campus affinity products (e.g., online bill pay, mobile check deposit)?*

A. Some of the credit union services offered to students include campus ATMs, access to many thousands of surcharge-free off-campus ATMs through credit union cooperative networks, full-service campus branch locations, debit-enabled student ID cards and financial education. Other features associated with most credit union accounts available to students are free online bill pay, free statements, shared branching access to thousands of credit union branches nationwide, no minimum balance and no monthly service fees.
- *In what ways are campus-affiliated products marketed to students (e.g., included in campus admissions and/or financial aid offer letters, orientation materials, advertising at college sporting events)?*

A. Credit unions often market their services to students through admissions materials, campus advertising and other campus-sponsored events.
- *What information about students is provided by institutions of higher education to financial institutions (e.g., email address, date of birth, program of study)?*

A. Family Educational Rights and Privacy Act (FERPA) regulations prohibit the sharing of any personally identifiable information about students to financial

institutions. Colleges and universities should not be providing prohibited information to financial institutions.

- *How are card or other products offered to students (e.g., mandatory, opt out, opt-in)? Does the student have a choice to decline the product? If so, what steps are required to exercise that choice? Are there any consequences to the student for declining the product?*
  - A. As credit unions are subject to Regulation E, students are free to decline a credit union's service. Also, when accessing a credit union service, students are subject to the same processes and regulatory protections as any other credit union member.
- *To what extent are students able or not able to readily access funds from affinity products while on campus? Does the financial institution provide multiple ATMs? Where are those ATMs located (e.g., on campus, near campus)? Are ATMs also located on branch campuses? Do ATMs charge fees for withdrawal? If so, what are the fees and how are they assessed?*
  - A. Credit unions offer full-service branches, satellite branches and many ATMs on college campuses. As noted above, credit unions often offer no fee ATMs and full service branches on campuses.
- *Do institutions of higher education provide access to campus property to financial institutions in order to market products or provide workshops?*
  - A. A number of colleges and universities provide space to credit unions for free or at reduced costs, as other sponsors do for credit unions that are not involved with college or university campuses.
- *What are the features of the different types of financial products and services that banks and credit unions offer to students? Are these financial products marketed as free checking for students?*
  - A. Credit unions may focus their marketing on the needs of the student, such as marketing ATM and online banking, rather than mortgages.

## Conclusion

Financial partners should be chosen for their ability to provide necessary financial products to higher education students in the most cost effective manner possible and not for their ability to pay for access to students. The more that a financial institution is willing to pay for access and marketing to students, the more likely it is to design products that generate cash flows funded by students.

Unlike for-profit institutions, credit unions exist to serve their members, including students, and not to extract profits from them. . We urge the CFPB to refrain from

imposing any new regulations on credit unions as they seek to responsibly provide needed, affordable and attractive services to students.

Thank you for the opportunity to comment on the CFPB's request regarding financial products marketed to students enrolled in institutions of higher education if you have any questions concerning our letter, please feel free to contact CUNA's Senior Vice President and Deputy General Counsel Mary Dunn or me at (202) 508-6732.

Sincerely,

A handwritten signature in cursive script that reads "Lance Noggle".

Lance Noggle  
Assistant General Counsel